

## OFFICE OF OIL AND GAS MANAGEMENT

August 21, 2012

Ex. 6 - Personal Privacy

Anthony Oprendek shared with me your July 23, 2012, letter concerning the Consent Order and Agreement by and between Cabot Oil and Gas (Cabot) and the Department of Environmental Protection (Department).

Today the Department determined that the facts and the terms of the 2010 Consent Order and Agreement (COA) allow for the resumption by Cabot of hydraulic fracturing of seven wells that were previously drilled within the area covered by the COA. The Department's letter authorizing this activity is enclosed. The Department has determined that the previously drilled wells are in compliance with all applicable laws and regulations, which was a necessary condition of the COA for Cabot to engage in well completion activities. However, at this particular time, the Department is not able to conclude that the terms of the COA have been fully satisfied with respect to allowing the resumption of drilling activities. Simply put, more data needs to be evaluated. As a result, the COA does not allow drilling to continue within the area covered by the Consent Order and Agreement at this time.

The reason why the COA precluded further drilling by Cabot in this area until certain conditions were met was because of the Department's need to evaluate the condition of the affected water supplies. It is important to remember that Cabot agreed to the cessation of drilling provisions of the COA until all conditions were met. Those conditions have not been met at this time. Additional gas well drilling by Cabot at this particular time would complicate our ongoing evaluation by adding variables into the area that we may not be able to account for. Hydraulic fracturing was never determined to be a source of contamination, which is why that activity may resume. To be clear, the prohibition in the COA on additional drilling was not intended by the Department to be punitive nor did Cabot agree to this condition as punishment. Rather, this cessation of drilling activity is a necessary measure to control the conditions that are the subject of our ongoing evaluation under the COA.

Pursuant to the Consent Order and Agreement, Cabot must demonstrate that its gas wells are structurally sound and not discharging gas to the aquifer. Cabot continues to collect samples from several of the water supplies and the Department is evaluating those sample results.

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The Department is also evaluating the results of the recent joint sampling effort with the federal Environmental Protection Agency. If the data demonstrates that the source of the methane has been eliminated or that methane in the water supplies is at background levels, the COA provides that Cabot would be permitted to resume drilling. The Department is working diligently to obtain the necessary data to complete our evaluation.

While I know you and others in Dimock may be frustrated by this, please understand that the Department must be guided by the facts and the terms of the COA. We are working diligently to follow the terms of the COA and to ensure that gas well development occurs in a safe and environmentally protective manner. We will continue to evaluate when and if drilling can resume based on the facts and the terms of the Consent Order and Agreement.

I trust that this answers your questions, but if you have any others, please contact me by e-mail at scperry@pa.gov or by telephone at 717.783.9438.

Sincerely,

Scott R. Perry

Deputy Secretary for

Oil and Gas Management

## Enclosure

cc: Mr. Phil Stalnaker, Cabot Oil & Gas Corporation

The Honorable Bob Casey, Jr.

The Honorable Patrick J. Toomev

The Honorable Lisa Baker

The Honorable Sandra Major

The Honorable Tom Marino

The Honorable Tina Pickett

The Honorable Gene Yaw

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